

**STUART - NECHAKO REGIONAL
HOSPITAL DISTRICT**

Financial Statements

December 31, 2016



INDEPENDENT AUDITORS' REPORT

**To the Directors of
Stuart – Nechako Regional Hospital District**

We have audited the accompanying financial statements of the Stuart – Nechako Regional Hospital District, which comprise the statement of financial position as at December 31, 2016, and the statements of financial activities, and of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Stuart – Nechako Regional Hospital District as at December 31, 2016, and its financial performance and its cash flow for the year then ended in accordance with Canadian public sector accounting standards. As required by the Hospital District Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

**April 20, 2017
Prince George, BC**

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

STUART - NECHAKO REGIONAL HOSPITAL DISTRICT

STATEMENT OF FINANCIAL POSITION

December 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note3)	\$ 1,949,749	\$ 1,404,227
Accounts receivable	<u>5,259</u>	<u>3,214</u>
	1,955,008	1,407,441
 LIABILITIES		
Accounts payable and accrued liabilities	<u>24,940</u>	<u>24,092</u>
 NET FINANCIAL POSITION	 <u><u>\$ 1,930,068</u></u>	 <u><u>\$ 1,383,349</u></u>

Approved By The Board:

Chairperson _____

Treasurer _____

STUART - NECHAKO REGIONAL HOSPITAL DISTRICT

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2016

	2016		2015
	<u>Budget</u> (unaudited) (Note 6)	<u>Actual</u>	<u>Actual</u>
REVENUE			
Property tax requisition	\$ 1,790,000	\$ 1,790,001	\$ 1,790,000
Interest	5,000	21,103	29,899
Grants in lieu of taxes	8,000	9,042	6,220
	<u>1,803,000</u>	<u>1,820,146</u>	<u>1,826,119</u>
EXPENDITURES			
Grants for capital expenditures	1,795,994	1,250,411	2,087,766
Administration and audit	27,000	23,016	24,074
	<u>1,822,994</u>	<u>1,273,427</u>	<u>2,111,840</u>
ANNUAL SURPLUS (DEFICIT)	(19,994)	546,719	(285,721)
FINANCIAL POSITION AT BEGINNING OF THE YEAR	<u>1,383,349</u>	<u>1,383,349</u>	<u>1,669,070</u>
FINANCIAL POSITION AT END OF THE YEAR	<u><u>\$ 1,363,355</u></u>	<u><u>\$ 1,930,068</u></u>	<u><u>\$ 1,383,349</u></u>

STUART - NECHAKO REGIONAL HOSPITAL DISTRICT

STATEMENT OF CASH FLOW

For the year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
ANNUAL SURPLUS		
Excess revenue (expenditures) for the year	<u>\$ 546,719</u>	<u>\$ (285,721)</u>
Changes in non-cash working capital:		
Accounts receivable	(2,046)	2,427
Accounts payable and accruals	<u>849</u>	<u>(2,310,707)</u>
	<u>(1,197)</u>	<u>(2,308,280)</u>
INCREASE (DECREASE) DURING THE YEAR	545,522	(2,594,001)
CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF THE YEAR	<u>1,404,227</u>	<u>3,998,228</u>
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	<u><u>\$ 1,949,749</u></u>	<u><u>\$ 1,404,227</u></u>

STUART-NECHAKO REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

The Stuart-Nechako Regional Hospital District ("Regional Hospital District") was incorporated in November 1, 1998, and commenced operations on January 1, 1999. The Regional Hospital District provides funding to the following facilities, all operated by the Northern Health Authority: the Fraser Lake Diagnostic and Treatment Centre, the Granisle Health Centre, the Lakes District Hospital and the Pines Multi-level Care Facility (both in Burns Lake), the St. John Hospital, and the Stuart Nechako Manor (both located in Vanderhoof), and the Stuart Lake Hospital (Fort St. James).

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Regional Hospital District prepares its financial statements in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

No Schedule of Expenditures by function has been presented because the Regional Hospital District has only one function – providing financing for equipment, renovation and construction of Hospitals and Health Centres.

No Consolidated Statement of Change in Net Debt has been included because the Regional Hospital District does not own non-financial assets. The function of this statement is to reconcile financial and non-financial assets.

Budget figures disclosed throughout the financial statements have been extracted from the 2016 final budget, adopted in March 24, 2016 and are unaudited.

Subsequent amendments to the budget bylaw are not reflected in the budget figures.

Revenue Recognition

Revenue generated by taxes is recognized in the period to which it relates. Grants in lieu of taxes are recognized in the period they pertain.

Financial Instruments

Measurement of financial instruments

The Regional Hospital District initially measures its financial assets and financial liabilities at fair value. The Regional Hospital District subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash, and accounts receivable.

Financial assets measured at fair value include temporary investments.

Financial liabilities measured at cost include accounts payable and accrued liabilities.

STUART-NECHAKO REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of sales and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments consists of:

	<u>2016</u>	<u>2015</u>
Cash	\$ 24,093	\$ 4,263
Temporary investments	<u>1,925,656</u>	<u>1,399,964</u>
	<u>\$ 1,949,749</u>	<u>\$ 1,404,227</u>

Temporary investments consists of guaranteed investment certificates (GICs) of \$1,925,655 (2015 - \$1,399,964) with an average interest rate of 1.4% (2015 - 1.66%).

4. RESERVE FUNDS

	<u>2016</u>	<u>2015</u>
Opening balance	\$ 841,207	\$ 1,618,226
Contributions	1,158,108	-
Interest	13,399	17,525
Disbursements	<u>(641,016)</u>	<u>(794,544)</u>
Closing balance of funds	<u>\$ 1,371,698</u>	<u>\$ 841,207</u>

The reserve funds are intended to provide for the replacement of equipment and acute care facilities in the Regional Hospital District.

STUART-NECHAKO REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

5. FUND ALLOCATION

The allocation of the funds is:

	<u>2016</u>	<u>2015</u>
Current funds	\$ 558,370	\$ 542,142
Reserve funds (Note 4)	<u>1,371,698</u>	<u>841,207</u>
	<u>\$ 1,930,068</u>	<u>\$ 1,383,349</u>

6. BUDGET

The Annual Budget adopted by the Board of Directors on March 24, 2016 was prepared on a modified accrual basis while the Financial Statements are prepared on a full accrual basis as required by Canadian Public Sector Accounting Standards. The Budget anticipated the use of surpluses accumulated in prior years to supplement current year revenues. In addition, the budget included transfers to and from reserves.

The budget figures included in these Financial Statements represent the Budget adopted by the Board of Directors with adjustments as follows:

	<u>2016</u>
Budgeted deficit per statement of financial activities	<u>\$ (19,994)</u>
Add: Contributions to reserves	<u>(579,016)</u>
Less: Prior years net surplus	535,510
Temporary borrowing	-
Withdrawal from capital reserves	<u>63,500</u>
	<u>599,010</u>
Surplus in the Financial Plan	<u>\$ -</u>

STUART-NECHAKO REGIONAL HOSPITAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

7. FINANCIAL INSTRUMENTS

The Regional Hospital District's financial instruments are comprised of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities.

Credit Risk

The Regional Hospital District does not issue credit in the normal course of doing business. Unless otherwise noted, it is management's opinion that credit risk is minimal.

Interest Rate Risk

The Regional Hospital District is exposed to interest rate risk from fluctuating interest rates on investments. Unless otherwise noted, it is management's opinion that interest rate risk is minimal.